BRITISH COLUMBIA

BC STATS Infoline

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highlights

a weekly digest of recently released British Columbia statistics

Prices

- **British Columbia's year-over-year inflation rate edged down 0.1 percentage point, to 2.2%, in May.** The modest drop in the all-items consumer price index was largely due to lower shelter costs, which fell 0.6% as the cost of owned accommodation decreased (-0.4%) for the sixth month in a row. Utility costs continued to slide (-5.3%) as prices for fuel oil (-6.1%) and piped gas (-13.1%) moderated. Overall, energy prices were down 3.0% from May 2001. Excluding energy, the inflation rate was 2.6% in May.

  Smokers continued to feel the effects of tobacco tax increases, which bumped up tobacco prices 24.3%. Clothing and footwear (+1.8%), food (+2.3%) and health and personal care products (+2.3%) all cost about two percent more than a year earlier. Transportation costs jumped 3.9%, largely because of higher ticket prices for public transit (+10.4%) and intercity transportation (+16.5%).

  BC's inflation rate was more than double the national average (+1.0%) in May as the cost of most goods and services increased more than in the country as a whole. The only exception was shelter costs, which were down 0.6% at both the national and provincial levels. *Source: Statistics Canada*

- **Saskatchewan (+2.7%), PEI (+2.6%) and Nova Scotia (+2.6%) were the only provinces where the inflation rate was higher than in BC.** Alberta's CPI rose only marginally (+0.2%) in May. Among metropolitan areas, both Thunder Bay (-0.2%) and Edmonton (-0.9%) experienced price deflation. The price level in other cities rose at rates ranging from +0.4% in Quebec City to 2.8% in both Halifax and Saskatoon.

  Source: Statistics Canada

Housing

- **Housing starts in the province continued to seesaw in May, jumping 35.8% (seasonally adjusted) after plunging 22.1% in the previous month.** The number of starts in BC has been bouncing up and down since the end of last year. Nationally, starts rose 10.2% in May. New Brunswick (-10.5%), Saskatchewan (-9.4%) and Quebec (-0.8%) were the only provinces where there were fewer starts in May than in April. Housing starts in Quebec have been weak since February, but in both New Brunswick and Saskatchewan, the decline partly offset a surge in starts in April. Alberta (+3.9%) posted a modest increase last month, while starts rose at double-digit rates in the rest of the country, led by PEI (+54.5%). *Source: Statistics Canada*

- **The cost of new housing in BC's biggest cities continued to climb in April.** The New Housing Price Index was up 3.2%, year-over-year, in Vancouver and rose 0.7% in Victoria. Land for new construction continued to appreciate only modestly, rising 0.5% in Vancouver, and 0.3% in Victoria. However, in Vancouver the value of new homes built was substantially higher (+4.5%) than a year earlier. The value of new homes built in Victoria rose an average 0.6%. Ontario saw both the smallest (+0.5% in the Sudbury/Thunder Bay areas) and biggest (+3.0% in Ottawa-Gatineau) year-over-year increases in contractors' selling prices. The Canadian average was 3.7%.

  Source: Statistics Canada

The Economy

- **The number of new vehicles driven off car lots in the province increased 6.9% (seasonally adjusted) between March and April, more than anywhere else in the country.** However,

Report **The softwood lumber dispute & BC's forest sector**

Did you know...
Canadians consumed an average 89 kilograms of pasta, bakery products, cereals and other grain-based products in 2001. That's up from 72 kg a decade ago.

sales in the province had fallen 10.6% in March, and remain below the levels seen earlier in the year. Canadian sales rose 1.7% in April. Dealers in Newfoundland (+4.7%) and western Canada posted the strongest gains, with increases ranging from 2.2% in Alberta to 6.9% in BC.

Source: Statistics Canada

- **Canadian industries increased their rate of capacity utilization in the first quarter, ending a string of six consecutive quarterly declines.** Goods-producing industries operated at 81.7% of their full capacity, up from 80.4% in the fourth quarter of 2001. Despite the decline in capacity use during the recent economic slowdown, capacity utilization rates have remained well above the levels reached during the recession in the early 1990s, when utilization dropped to 77.1%.

  Capacity use in the manufacturing sector rose to 80.6% in the first quarter, largely on the strength of a rebounding transportation equipment (88.1%) industry. Not all industries have emerged from the doldrums, however. Capacity use in forestry and logging stood at just 70.0%, nearly six points lower than at the end of 2001. Producers of wood (85.5%) products upped their capacity use, but paper manufacturers cut back from 88.3% in the fourth quarter of last year to 86.6% in the first quarter. Capacity use in the computer and electronic products industry was just 65.7% and producers of electrical equipment and appliances were operating at 66.9% of full productive capacity. *Source: Statistics Canada*

Local government enterprises

- **Local government crown corporations in the province posted a net loss of $16.0 million in 2000, after earning profits of $8.8 million in the previous year.** Transit operations have accounted for the bulk of both earnings and expenses of local crown corporations in BC since 1999, when responsibility for operating local transit systems was shifted to some municipalities. Nation-wide, locally operated transit systems posted a net loss of $4.5 million. Subsidies to transit systems accounted for $1.4 billion of the $14.0 billion earned by local crown corporations in Canada.

  Municipally owned utilities in Alberta, which cashed in on the US electricity supply crisis by exporting power during 2000, earned profits of $249.6 million, up nearly two-thirds from the previous year. Overall profits in that province reached $310.7 million in 2000, accounting for more than two-thirds of the national total ($453.0 million), and five times as much as in Ontario ($63.7 million). Alberta ($175.5 million) and Saskatchewan ($4.7 million) were the only provinces where local government corporations would have been profitable even without subsidies.

  Source: Statistics Canada

More low-fat milk, but more cream too

- **While 1% and skim milk are replacing higher-fat milk products in Canadian grocery carts, cream consumption reached 7 litres per person last year, up from 5 litres a decade ago.** The increase parallels a rise in the consumption of coffee purchased from food-service establishments. The amount of calories, fat, carbohydrates, proteins, vitamins and minerals available in the food supply has also risen. The level of food energy available per Canadian, which remained relatively stable from the mid-1970s to the early 1990s, expanded 16% during the last decade. Rising consumption of oils and grains were major factors in this increase. The total amount of fat available from the food supply climbed 22% per person. *Source: SC, The Daily*

Is the Internet bubble bursting?

- **Nearly a quarter of a million Canadians pulled the plug on their Internet use in 2000.** According to a recent study, just over 232,000 Canadian households that had used the Internet regularly said they no longer did so. The most common reason given for pulling the plug was that they had no need for the Internet. Seventeen percent said that they no longer used the Internet because it was too expensive, and 14% quit because they no longer had access to a computer. Over half of the dropout households used to surf the Net at least once a week. Four out of ten Canadian adults have never used the Internet. *Source: SC, The Daily*

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database (www.statcan.ca); otherwise the source is identified as 'SC' plus the publication name or catalogue number.

June 14, 2002 *Infoline Report:* **The Softwood Lumber Dispute**

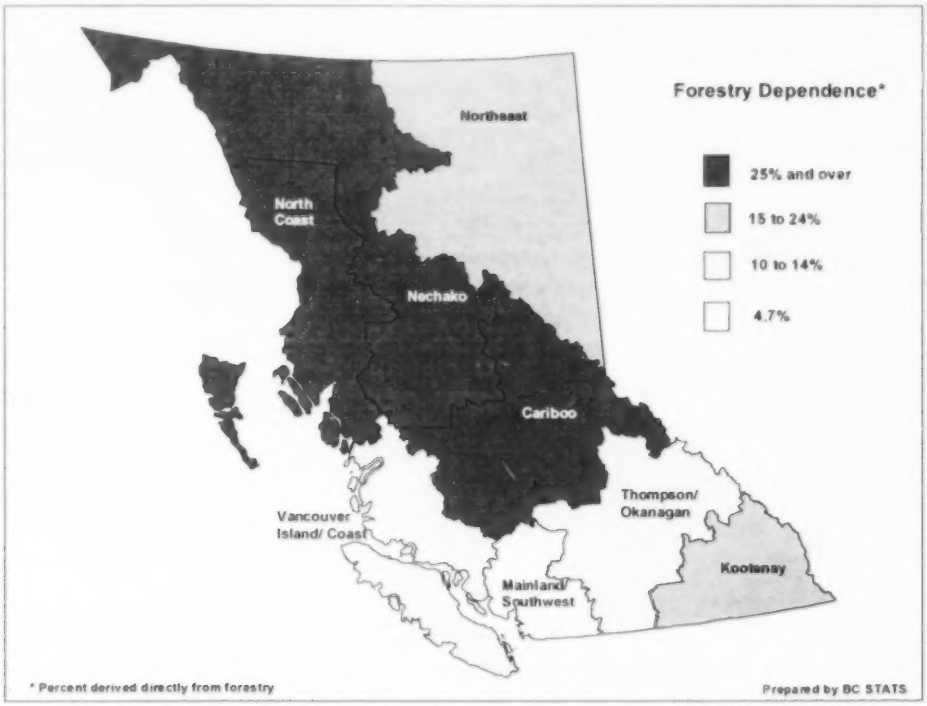
Contact: Anne Kittredge, (250) 387-0374
Originally published in *Earnings and Employment Trends*, March/April, 2002. Annual subscription $60 plus GST

The B.C. Forest Sector Workforce: Projected Impact of the Softwood Lumber Dispute

In 2001, there were 91,000 jobs in the forest sector, which includes logging, wood manufacturing, pulp & paper manufacturing plus forest services. These direct forest sector jobs represent 4.7 per cent of the total workforce. There are an estimated further 120,000 jobs that are dependent on the forest sector such as the suppliers of logging equipment, or the railway workers who transport the logs to the mills, or those employed in the service sector who rely, at least partially, on the wages generated by the forest sector. In total, approximately 11 per cent of all jobs in the British Columbia economy are reliant on the forest sector[1].

The extent of the economic dependency on the forest sector varies significantly across the province. The map below depicts the differences by Development Region. Dependencies range from 38.9 per cent in the Nechako Region to 4.7 per cent in the Mainland/SW. Within these regions there are also large variances in the dependency on forestry. For example, within the Mainland/SW, 39 per cent of the income of Powell River depends on forestry as opposed to only 2 per cent for Vancouver.

Since the beginning of 2001, approximately 4,000 direct forest sector jobs have been lost, primarily because of decreased productivity in the woods, particularly along the coast. The US imposition of export duties totalling 27 per cent on BC softwood lumber is expected to reduce demand for BC wood products and hence necessitate further restructuring and downsizing of the industry. If the tax remains at the 27 per cent level for an extended period of time, it is estimated that a further 16,000 jobs could be lost. As is evident from the map on the previous page, these 16,000 jobs will not be spread pro-



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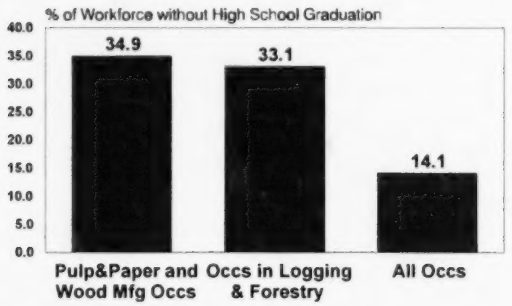
portionately across the province. Instead, some communities are at risk of losing significant portions of their economic base.

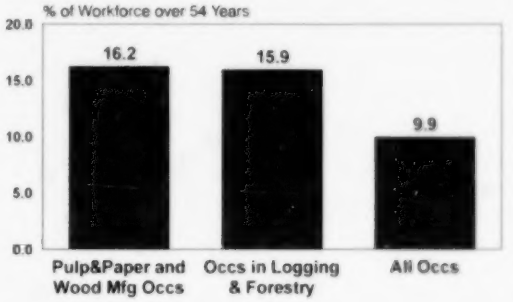
The federal government is suggesting ways to help alleviate the hardship that will transpire as the result of layoffs. Work sharing, topped up by Employment Insurance is one of the proposed solutions for short-term layoffs. That will directly help the workers and prop up the communities that are at risk. However, even if the softwood lumber dispute is eventually settled in Canada's favour, there will still likely be some permanent layoffs required in the BC industry. Under those circumstances, more permanent remedies may be required, such as helping the workers retrain and move into new careers.

Education levels of the labour force in selected forestry occupations - 2000



However, opportunities to retrain forest workers for new careers may also be limited. Many forest sector employees are loggers and machine operators and labourers in the sawmills and pulp mills. Workers in these occupations often have lower levels of education, which may hinder their ability to find alternative employment outside their occupation. Retraining will also be problematic as many do not have the basic academic skills required to enter post-secondary training programs.

The BC forest sector has a high proportion of its workforce approaching retirement --2001



The impact of layoffs in the industry may be eased somewhat by the fact that many employees in the sector appear to be nearing retirement age. Some form of early retirement incentive program could open up jobs for younger employees who find themselves directly impacted by restructuring.

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[1] The number of indirect and induced jobs that are deemed dependent on the forest sector can range as high as 22%, depending on whether the downstream margins and the public sector expenditures that depend on the revenue generated by the forest sector are included.

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BC at a glance . . .

POPULATION (thousands)	Jan 1/02	% change on one year ago
BC	4,108.0	0.9
Canada	31,185.8	0.9
GDP and INCOME		
(BC - at market prices)	2001	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	130,396	2.2
GDP *($ 1997 millions)*	125,534	0.9
GDP *($ 1997 per Capita)*	30,648	-0.1
Personal Disposable Income *($ 1997 per Capita)*	19,177	0.8
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Mar	2,854	-3.5
Merchandise Exports (raw) Mar	2,400	-17.8
Retail Sales (seasonally adjusted) Mar	3,300	5.9
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	May '02	one year ago
BC	118.1	2.2
Canada	118.6	1.0
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	May '02	one year ago
Labour Force - BC	2,145	1.5
Employed - BC	1,942	-1.3
Unemployed - BC	203	39.4
		May '01
Unemployment Rate - BC *(percent)*	9.5	6.9
Unemployment Rate - Canada *(percent)*	7.7	7.0
INTEREST RATES (percent)	Jun 12/02	Jun 13/01
Prime Business Rate	4.25	6.25
Conventional Mortgages - 1 year	5.55	6.70
- 5 year	7.40	7.75
US/CANADA EXCHANGE RATE	Jun 12/02	Jun 13/01
(avg. noon spot rate) Cdn $	1.5362	1.5181
US $ *(reciprocal of the closing rate)*	0.6511	0.6597
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	May '02	one year ago
BC	670.27	3.2
Canada	650.33	2.4

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Major Projects Inventory

New Internet Site

Major capital projects in British Columbia will provide jobs around the planning and construction phase and then continuing employment for the normal operation of the project. There are opportunities for job seekers, construction workers, suppliers, caterers, accommodation providers, contractors, and many other specialties. Local economies experience many direct and indirect benefits and as a result may attract additional investment.

BC STATS has developed an Internet site based on the MPI database. Tap in today and find the opportunity for you.

www.made-in-bc.ca/mpiHome.html

Released this week by BC STATS

- Labour Force Statistics, May 2002

Next week

- Consumer Price Index, May 2002
- Immigration Highlights, First Quarter 2002
- Tourism Sector Monitor, June 2002

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